

Alexander P. Simmons
Pro se non US creditor
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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
In re: CELSIUS NETWORK LLC, et al., Debtors
Chapter 11, Case No. 22-10964 (MG), Jointly Administered

I, Alexander P. Simmons, a Celsius Network Limited creditor from the United Kingdom, also known online as Digitechnomad and one of the admins of the unrepresented ad-hoc group named “Non US Celsians”,

As an extremely concerned international depositor creditor, I wish to respectfully ask the Honorable Martin Glenn to consider these four items in the next hearing on September 14th 2022:

- 1. Equitable treatment must be applied by the court to all depositors no matter where they are from or based. International creditors must not get sidelined in favor of USA based depositor creditors.**
- 2. Objection to the proposed appointment of an examiner instead of removing the existing management team and appointing a chapter 11 trustee to oversee the restructuring of Celsius.**
- 3. There are many conflicts of interest that seem to exist in this case specifically in relation to the lawyers that have been appointed for both the debtors (Kirkland & Ellis) and for the UCC (White & Case).**
- 4. Celsius Network's legal entity in London**

1. Equitability and fairness must be guaranteed for all international Earn and Loans depositors (creditors).

The international community, including myself, need to be reassured that all depositors whose funds are owed back to us in whole in one way or another, will be treated equally. Thus far there have been doubts if this will be the case.

Taking my own experience as the case in point – and this applies to all of our group's members who signed up with Celsius via the many legal entities outside of the USA jurisdiction, most of which are not included in this bankruptcy process:

In early 2021 all non USA earn or loan depositors were forced to agree via the mobile application to new terms and conditions of service. Celsius Network were forced to move their international headquarters from London, United Kingdom to New York, USA, as they had been operating like a bank and a financial service provider without registering with the UK's Financial Conduct Authority (FCA). It itself is an illegal act I believe.

Celsius Network had never provided any potential depositor with any self classification process or any disclaimers about the definition of accredited or unaccredited like other platforms requiring monetary deposits need to have in place.

Instead, all international earn and loan collateral depositors were automatically classed as un-accredited depositors, exactly like the USA un-accredited depositors were. However, due to Celsius Network needing to also circumvent certain SEC rules in the USA, they copied a workaround being exploited by one of their competitors, and this same workaround was then used to offer a different service type (Custody Accounts to protect certain depositor types), which was only offered to USA based depositors. This in itself puts the international earn and loan collateral depositors into an inequitable situation with the USA earn and loan collateral depositors.

Personally I also think that there were additional reasons why Celsius Network HQ was moved from London to New York. I believe that Alex Mashinsky and his management team knew they were trading insolvently, which in the United Kingdom is a criminal offense punishable by being made personally liable for business and creditor losses as well as the possibility of receiving large fines and a custodial sentence. They were also in the middle of raising a B round of funding, and they may have also used this as an excuse to move their HQ location.

I myself, and I am sure many others who signed up to Celsius Network's services, did so based on them being located in our own familiar jurisdictions. But as things stand now, many international Celsius depositors can't get information about the bankruptcy in their own language.

More importantly, I have found it extremely difficult to access any court websites, documentation, registrations for updates, accessing the Kroll and Stretto websites, completing USA-resident only proof of claim forms, etc, etc. Again this shows to me and others that the international celsius depositor community is largely being ignored.

Finally, there only seems to be one UCC member who is not a USA citizen or resident. He is located in Switzerland, and seems to represent an institutional creditor of some kind which would be deemed as an accredited depositor. This I feel does not fairly represent the majority of the international community of depositors who are un-accredited depositor creditors of Celsius Network.

I would like to ask if it is possible to add one or more extra members to the UCC to more fairly represent all types of depositors of Celsius Network from the international community in a more balanced way.

2. Objection to the proposed appointment of an examiner instead of removing the existing management team and instead appointing a chapter 11 trustee to oversee the restructuring of Celsius Network.

I believe that a Chapter 11 Trustee is a far better option to stop our funds continuing to be mis-managed by the existing management team, who still do not seem to understand what transparency actually means. Enough is enough in this respect.

The appointed Chapter 11 Trustee will expedite a restructuring plan to ensure the return of our deposits as quickly as possible, with a good plan that a restructured UCC and the international depositor community can also cast their votes on. Of course the voting service will need to be operated by an impartial neutral party, to ensure fairness and continued equitability. Whereas I believe an examiner may delay the whole process as well as add significant extra costs that the business simply cannot afford to incur.

It seems to me that only after the UCC and White & Case had asked the court to appoint an examiner, did Kirkland & Ellis, on behalf of the debtor, state that Celsius Network had appointed an organization, at additional unnecessary costs to us all, to investigate themselves. This in my view has been another very bad decision made by an already unreliable management team.

I would like to reference my individual letter to you sir, dated the 22nd of July 2022, that I submitted with great difficulty to you via your online court system. I would like to refer to my previous letter as Appendix A in this document.

Everything I wrote in the letter, I am even more sure of today.

3. There are many conflicts of interest that seem to exist in this case specifically in relation to the lawyers that have been appointed for the debtors (Kirkland & Ellis) and for the UCC (White & Case). Should either of them have been appointed?

Kirkland & Ellis

I appreciate that I am not an expert in USA lawyers and their credentials to act in any USA courtroom. However it does seem obvious to me and many others in the international community of depositors, that there is a conflict of interest with Kirkland & Ellis. They were appointed by Voyager first, and now Celsius Network, with both debtors having a claim upon Three Arrows Capital, which is also in its own bankruptcy process within its specific jurisdiction.

So I ask, how can Kirkland & Ellis fairly represent both of their clients, as they will be taking action against what is left of the Three Arrows Capital assets? How will they decide which of their two clients will receive what from what is left, as both of their clients' sets of creditors, myself included, will need to be reimbursed from those funds? This is a terrible conflict of interest, and should surely not be allowed, as it would not be allowed in the United Kingdom either, I am told. So on the basis that Kirkland & Ellis were first appointed by Voyager, should they not resign their second and conflicted client Celsius Network LLC et al?

White & Case

The second conflict of interest is with the UCC appointed White & Case. They have disclosed under oath that they also represent Tether International Limited. Tether is not only an equity investor in Celsius Network LLC, but also has their own very serious conflict of interest, which I will outline at the end of this section. How is it possible for White & Case to be 100% impartial against the debtor where one or more of their existing and or former clients are also large equity investors in the debtor?

Add to this, that Westcap Management LLC was a previous client of White & Case for their \$400M B Round investment funding into Celsius Network. So in this instance Westcap Management LLC may take legal action against White & Case to block them from continuing to represent the international depositor creditors. This would harm our chances of recovering our deposited funds that have already been completely mismanaged. Personally, I see this as a valid reason why White & Case do not seem to be as proactive as Kirkland & Ellis are in this case, and I feel they should be replaced with an unconflicted law firm. What due diligence was done by the UCC before White & Case were appointed?

<https://cases.stretto.com/public/x191/11749/PLEADINGS/1174908252280000000008.pdf>

<https://www.prnewswire.com/news-releases/celsius-network-announces-an-investment-led-by-westcap-and-cdpq-at-a-valuation-more-than-us-3-billion-301397834.html>

Tether International Limited

Finally, Tether provided a loan to Celsius Network, and I believe it was approximately \$840M. The loan was very quickly repaid just before Celsius Network LLC et al filed for Chapter 11. This too is a conflict of interest as their shareholder would be a preferential creditor. This of course is very unfair if proved to be correct, and should be subject to a clawback order, along with several other loans that were repaid just prior to the Chapter 11 bankruptcy filing.

<https://www.ft.com/content/3e19e36e-b3c7-44ca-8afe-af7e43d7c7e4>

4. Celsius Network's legal entity in London

Celsius Network Limited, London.

On the basis that I am a British citizen and run a business in the United Kingdom, the first thing I did when I found out about the filing for the Chapter 11 bankruptcy protection, I went to Companies House, a UK government division and looked at Celsius Network Limited. There I found some interesting activity on their corporate filings.

<https://find-and-update.company-information.service.gov.uk/company/11198050/filing-history>

So to me there were some very interesting activities going on just before the Chapter 11 was filed. Debts and charges were paid off – which I also see as preferential creditors being repaid in full – to Symbolic Capital Partners Limited in Wyoming. It also looked as if USA based directors were being added, and then removed and added back again.

I believe all of this to have been to the detriment of all international depositor creditors in this bankruptcy case.

There clearly continues to be zero transparency from Celsius Network management team on these issues.

Conclusion

Fairness and equity must prevail in this case on an international scale as Celsius is not only a US entity. It was founded in Israel, and run from the UK, before operations were moved to the USA in 2021. It was promoted and marketed on a worldwide basis, and the majority of depositor creditors may well be outside of the USA. So, even though the filing for bankruptcy protection has been made in the US courts, with US regulators assisting, and with US lawyers, it should not favor the US depositor creditors at the cost of others.

Alex Mashinsky must be removed urgently. I and many of the depositor community in our support group believe the management team is abusing the chapter 11 protection process to drain as much of the funds from what is left of the business. The 120 day exclusivity period must be halted forthwith.

The individual members of Celsius Network LLC, et al. have even appointed Kirkland & Ellis as their own personal attorneys (another conflict of interest)? And declared publicly that the business is worthless in order to obtain a tax credit in their personal tax accounting. This in itself shows how calculated they really are. It's an insult to all their equity shareholders they raised funds from, as well all depositors and creditors.

I do not understand why the current management team who are clearly not transparent at all, and seem to me to be disorganized and incompetent, are still allowed to be running everything and burning \$45M per month, on what? This is sickening to me on many levels. Please your honor, stop this Celsius Network circus, and appoint the chapter 11 trustee to take over, not an examiner. That can come later.

Finally, I would like to say that despite Celsius Network previously potentially benefiting from the various ad-hoc groups fighting with each other, their more recent actions have prompted the international depositor community to actually talk and communicate with each other. Celsius Network has provided no communication, help or support for any depositors, some of whom are now suffering with anxiety, depression or worse.

We are now coming together as one cohesive group of international depositor creditors. I would like to have it on record that I fully support this view from my international standpoint.

I personally also support what David Adler is doing for the Celsius Loans group, who are also being treated very differently from both the US and non US un-accredited depositor creditors.

Thank you in advance, your honor.

Dated: September 12, 2022

Respectfully submitted by:
Alexander P. Simmons
United Kingdom
Pro se creditor

Appendix A

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United Kingdom

22nd July 2022

Attention the Honorable Martin Glenn

Reference: Celsius Network Inc in Chapter 11 Bankruptcy proceedings

Case Number: 22-10964

<https://www.youtube.com/watch?v=1WntQ5D8hDk>

Dear Sir

I am a UK citizen, and I am one of hundreds of thousands of small depositors into Celsius Network I made my last deposit of approx \$10,000 on the 8th June 2022, which Celsius accepted even though they clearly knew they were about to block withdrawals for everyone on the 13th June 2022, so why keep allowing deposits, this in my opinion is indeed an act of fraud.

Mr Alex Mashinsky has always stated all over the press in print and in radio and video, that our funds are safer than the banks, and they have always had enough liquidity including his own money in the system, should anything go wrong. On the basis they are a peer to peer lending company where the loans are highly collateralized, then this business model should be safer than the banks. Was it his \$300,000,000 of crypto which was moved to the FTX platform just before the Chapter 11 filing was made, as I am sure as a shrewd businessman that he claims to be, he would have moved all of his and or his wife's money out of the Celsius platform BEFORE they declared themselves as bankrupt thus needing the protection of the courts to commit further fraud in my opinion.

In addition, and from what has been disclosed so far, they were secretly and without the communities permission from us the depositors, were in effect gambling with our funds, which ironically is why I ended up putting 60% my life savings into Celsius Network over a period of time. I could have done what they were doing but chose not to as it's too much risk!

I myself do understand risk, as I am a director of a small tech business in the UK, but I am fully aware of all of the risks associated with my own business, but Celsius just decided one day to take their depositors money and gamble it on extremely high risks that they either did not

understand or chose not to bother to understand, again I view this as fraud. Now, on top of what is already a terrible terrible situation for all of us depositors, and their external shareholders, I am extremely disgusted and appalled to find out that now they are under the Chapter 11 Bankruptcy Protection proceeding they have indeed asked the court to allow them to keep paying their employees at \$3.5M per week most of which they probably do not need now, and it is even more disgraceful that the directors & executives have asked to be paid a whopping \$730,500 per week, which is outrageous and highly insulting to the intelligence of their depositors and shareholders, and it should not be allowed. I also regard this as fraud, which they are using the court to help them commit!

The money saved from releasing the employees they no longer need, and the saving they make from not allowing their directors and executives to take their insultingly large salaries, should all be put into a depositors reimbursement fund and ring fenced so it can not be touched by anyone unless the court approves it, as it would go a long way to filling the huge holes their utter stupidity and frauds have created.

Finally, they should not be allowed to change their business model from a P2P crypto lending company to a mining company, until an agreement has been made with their depositors who are now providing their funding to do this without our permission. I bet they are laughing all the way to their own banks with our money.

As yet I have not seen any requests for the fees of their attorneys such as Mr Nash and his colleagues, it would be good to see this disclosed as well as all the other things that the Celsius team should have but as of yet have not disclosed, which clearly they are experts at non disclosure.

I am appealing to you and your team to please help us global depositors, not help Celsius commit more fraud under your protection


Yours sincerely
Alexander P. Simmons
[Email redacted for privacy purposes](#)
Phone redacted for privacy purposes

End of Appendix A